2007-05294/

# Government of Canada Securities

A Publication of the Department of Finance

October 2006

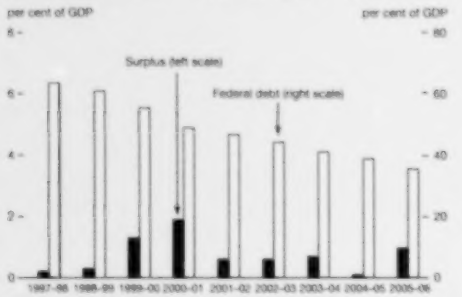
## Canadian Economy

### *Selected Canadian economic statistics*

| | 2005 | | | | 2006 | |
|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| **Annualized growth rates** | | | (per cent) | | | |
| Real gross domestic product | 2.1 | 3.4 | 3.5 | 2.6 | 3.6 | 2.0 |
| Final domestic demand | 5.7 | 3.9 | 4.1 | 4.7 | 5.0 | 4.0 |
| Employment growth | 0.6 | 1.7 | 1.5 | 2.4 | 1.6 | 3.1 |
| **Other** | | | | | | |
| Unemployment rate | 7.0 | 6.8 | 6.8 | 6.5 | 6.4 | 6.5 |
| Current account balance (percentage of GDP) | 1.0 | 1.4 | 2.7 | 3.8 | 2.3 | 1.2 |

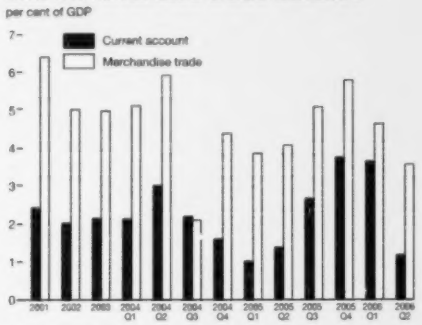
Source: Statistics Canada.

### *Government of Canada federal debt (accumulated deficit) and budgetary balance*


per cent of GDP
per cent of GDP
Surplus (left scale)
Federal debt (right scale)
1997-98 1998-99 1999-00 2000-01 2001-02 2002-03 2003-04 2004-05 2005-06

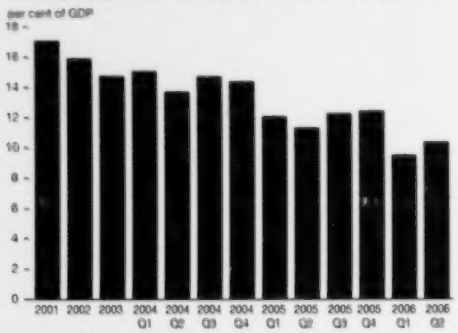
Source: Department of Finance.

### *Canada's current account balance and merchandise trade balance*




Source: Statistics Canada.

### *Canada's net international liabilities*




Source: Statistics Canada.

### *Upcoming economic data releases of interest*

**November**

October Labour Force Survey
(November 3)

October CPI
(November 22)

September GDP
(November 30)

National and Economic Accounts
July-September 2006
(November 30)

**December**

November Labour Force Survey
(December 1)

November CPI
(December 19)

October GDP
(December 21)

**January**

December CPI
(January 23)

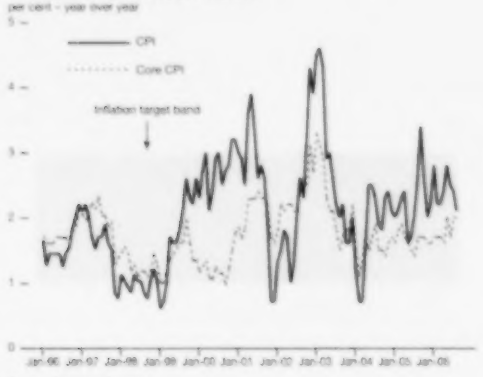
November GDP
(January 31)

Canada

# Government of Canada Securities

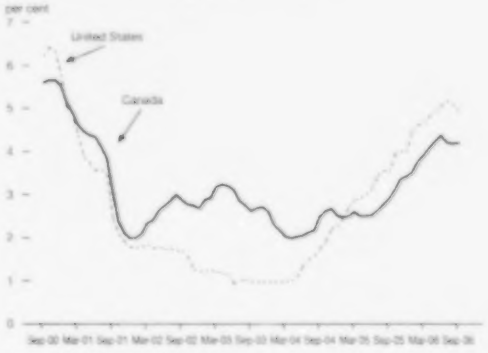
## Canadian Economy

### Consumer Price Index


per cent – year over year
CPI
Core CPI
Inflation target band
Jan-96 Jan-97 Jan-98 Jan-99 Jan-00 Jan-01 Jan-02 Jan-03 Jan-04 Jan-05 Jan-06

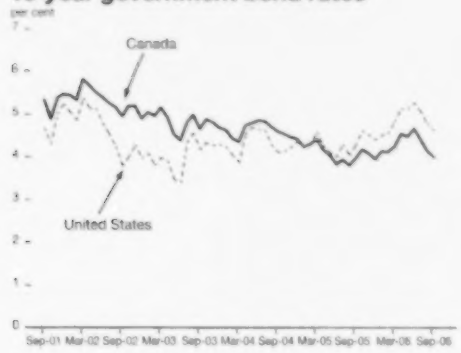
Source: Statistics Canada.

### 3-month treasury bill rates



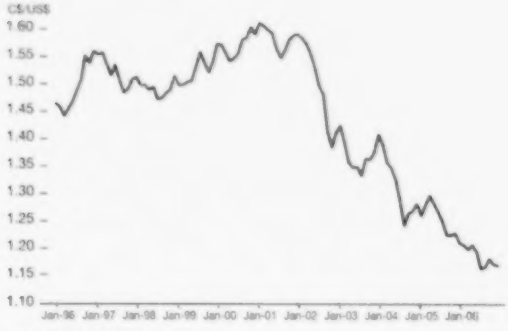

Sources: Bank of Canada and Federal Reserve.

### 10-year government bond rates



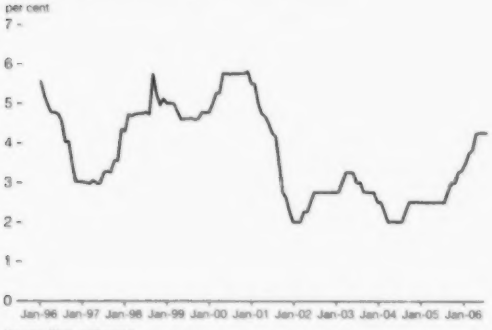

Sources: Bank of Canada and Federal Reserve.

### Exchange rate



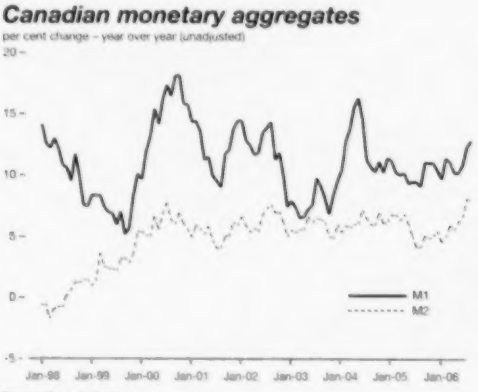

Source: Bank of Canada.

### Overnight money market rate




Source: Bank of Canada.

### Canadian monetary aggregates

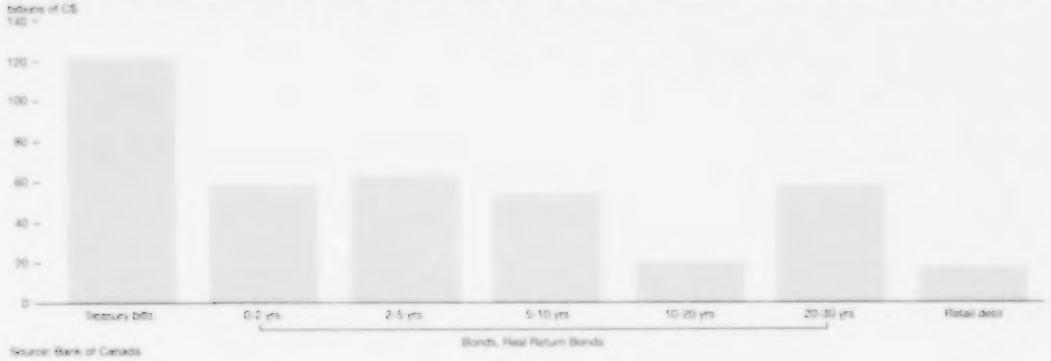



Source: Bank of Canada.

# Government of Canada Securities

## Primary Market

### *Outstanding Government of Canada treasury bills, bonds (by term to maturity) and retail debt*




Source: Bank of Canada

### *Recent Government of Canada bond auction results*

| Auction date | Term | Maturity date | Coupon rate | Issue amount | Average price | Average yield | Auction coverage** | Tail*** |
|---|---|---|---|---|---|---|---|---|
| | (years) | | (%) | (millions of dollars) | | (%) | | (basis points) |
| September 27, 2006 | 30 | December 1, 2036 | 3* | 300 | 130.911 | 1.688 | 3.298 | n.a. |
| August 30, 2006 | 2 | December 1, 2008 | 4.25 | 3,400 | 100.471 | 4.027 | 5.208 | 0.2 |
| August 16, 2006 | 5 | September 1, 2011 | 3.75 | 2,100 | 98.062 | 4.181 | 2.681 | 0.2 |
| August 2, 2006 | 10 | June 1, 2016 | 4 | 2,300 | 97.254 | 4.346 | 2.549 | 0.3 |
| July 19, 2006 | 30 | June 1, 2037 | 5 | 1,300 | 108.361 | 4.496 | 2.644 | 0.2 |

* Real Return Bond.

** Coverage is defined as the ratio of total bids at auction to the amount auctioned.

*** Tail is defined as the high accepted yield minus the average yield.

Source: Bank of Canada.

### *Government of Canada bond auctions*

| Type of issue | Auction date (2006) | Further details of issue (2006) | Dated and delivered (2006) | Amount maturing* |
|---|---|---|---|---|
| | | | | (millions of dollars) |
| 10-year | October 11 | October 5 | October 16 | 0 |
| 5-year | November 1 | October 26 | November 6 | 0 |
| 2-year | November 15 | November 9 | November 17 | 0 |
| Real Return Bond | November 29 | November 23 | December 4 | 0 |

Note: In addition, this quarter seven operations are planned under the Government of Canada bond repurchase program. Three repurchase operations will be held in conjunction with each nominal bond auction, and four switch repurchase operations will take place: one on October 26 in the 30-year sector, one on November 22 in the 10-year sector, one on December 6 in the 5-year sector and one on December 14 in the 2-year sector. Further details will be released on the Thursday prior to these operations. The target amount for the repurchase this quarter is $2.2 billion.

*Maturity of $8.9 billion on December 1, 2006.

Source: Bank of Canada.

# Government of Canada Securities

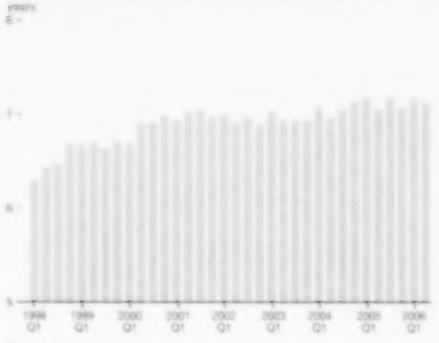
## Primary Market

### *Government of Canada bond market benchmarks*

| Term | Maturity | Coupon | Amount outstanding | Yield (Sept. 29, 2006) |
|---|---|---|---|---|
| | | (%) | (millions of dollars) | (%) |
| **Fixed-coupon** | | | | |
| 2-year | June 1, 2008 | 3.75 | 3,000 | 3.90 |
| 5-year | September 1, 2010 | 4.00 | 9,459 | 3.90 |
| 10-year | June 1, 2015 | 4.50 | 10,300 | 4.00 |
| 30-year | June 1, 2033 | 5.75 | 13,410 | 4.08 |
| **Real return** | | | | |
| 30-year | December 1, 2036 | 3 | 5,000 | 1.67 |

Source: Department of Finance

### *Average term to maturity of Government of Canada marketable debt*




Source: Bank of Canada

### *Upcoming Government of Canada marketable bond maturities*

| October-December 2006 | January-March 2007 | April-June 2007 | July-September 2007 |
|---|---|---|---|
| | (millions of dollars) | | |
| 8,926 | 193 | 11,782 | 9,725 |

### *Outstanding Government of Canada foreign currency debt*

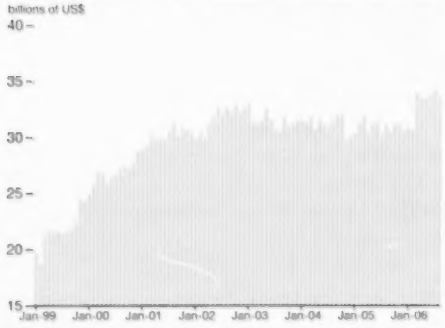
| | (C$ millions)* |
|---|---|
| Canada bills | 1,968 |
| Canada notes | 473 |
| Outstanding under EMTN program | 1,501 |
| 6.5% NZ$ bonds maturing October 3, 2007 | 365 |
| 4.5% EUR bonds maturing July 7, 2008** | 2,898 |
| 5.5% US$ bonds maturing November 5, 2008 | 2,794 |

*At par value, adjusted for exchange rates as of September 29, 2006.

**Original issue in Deutsche Marks was redenominated into euros on February 19, 1999.

Source: Bank of Canada.

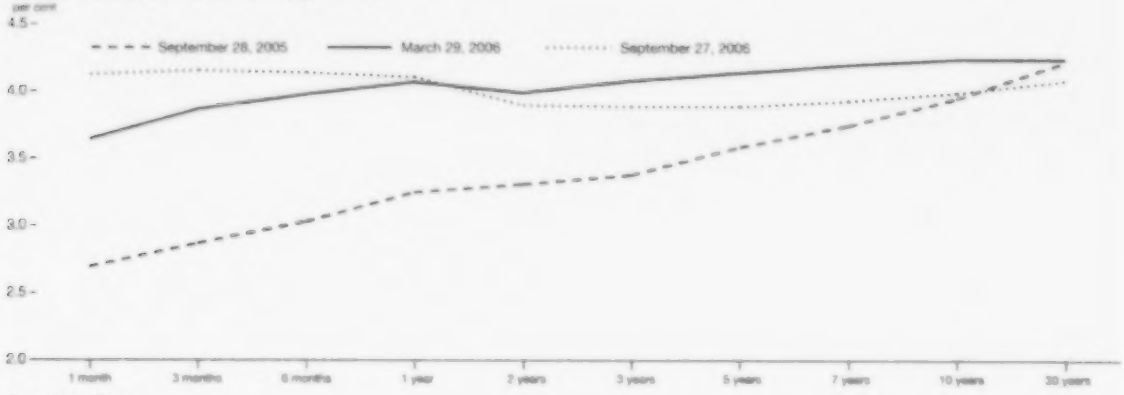
### *Canada's level of liquid foreign reserves*




Source: Bank of Canada

# Secondary Market

### Canadian yield-to-maturity curve

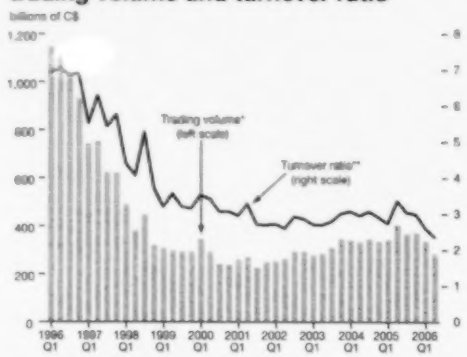



Source: Bank of Canada.

### Government of Canada bonds trading volume and turnover ratio

*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

### Government of Canada treasury bills trading volume and turnover ratio




*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

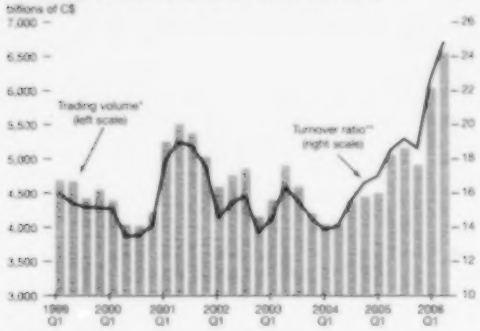
### Government securities distributors

- Bank of Montreal (treasury bills only)
- Beacon Securities Limited
- BMO Nesbitt Burns Inc. (marketable bonds only)
- Canaccord Capital Corp.
- Canadian Imperial Bank of Commerce (treasury bills only)
- Casgrain & Company Limited
- CIBC World Markets Inc. (marketable bonds only)
- CTI Capital Inc.
- Desjardins Securities
- Deutsche Bank Securities Limited
- Golden Capital Securities Limited
- HSBC Bank Canada (treasury bills only)
- HSBC Securities (Canada) Inc. (marketable bonds only)
- Laurentian Bank Securities Inc.
- Merrill Lynch Canada Inc.
- J.P. Morgan Securities Canada Inc.
- National Bank Financial Inc.
- Ocean Securities Inc.
- Odlum Brown Limited
- RBC Dominion Securities Inc.
- Scotia Capital Inc.
- The Toronto-Dominion Bank

# Government of Canada Securities

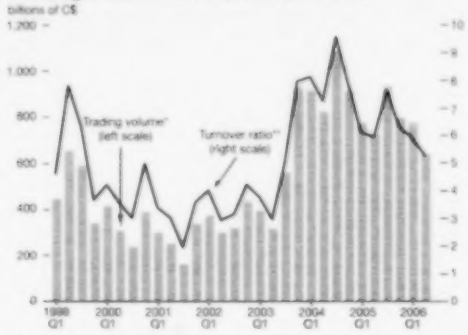
## Secondary Market

### *Government of Canada bond repos trading volume and turnover ratio*



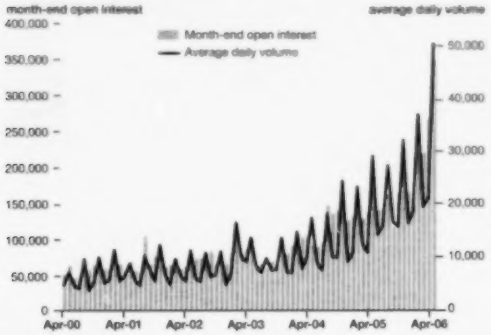

*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

### *Government of Canada treasury bill repos trading volume and turnover ratio*



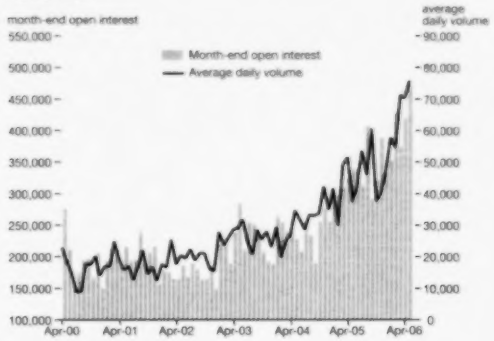

*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

### *10-year Government of Canada bond futures*




Source: The Montreal Exchange.

### *3-month bankers acceptance futures*




Source: The Montreal Exchange.

### *Government of Canada long-term credit ratings*

| | Standard & Poor's<br>Current | Moody's Investors Service<br>Current | Dominion Bond Rating Service<br>Current |
|---|---|---|---|
| *Domestic debt*<br>– Trend | **AAA**<br>Stable | **Aaa**<br>Stable | **AAA**<br>Stable |
| *Foreign debt*<br>– Trend | **AAA**<br>Stable | **Aaa**<br>Stable | **AAA**<br>Stable |

This publication is also available on the Internet at www.fin.gc.ca.
Except as noted, the information in *Government of Canada Securities* is based upon data available as of September 30, 2006.
For further information, contact Ian Blachford at 613-992-6386.
For additional copies or subscription inquiries, please contact the Distribution Centre at 613-995-2855.

*Ce document est également disponible en français.*

Department of Finance Canada
Ministère des Finances Canada